



08026931

Washington, D.C. 20549

ION

SEC
Mail Processing
Section

FEB 26 2008

Washington, DC
101**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8- 66519

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: The Orr Group, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

110 South Stratford Road

(No. and Street)

Winston-SalemNC27104

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Breslow Starling Frost Warner Boger Hiatt, PLLC

(Name - if individual, state last, first, middle name)

Post Office Box 10345GreensboroNC27404

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

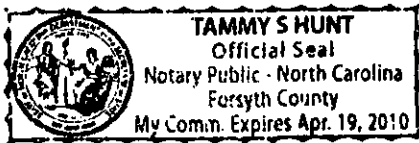
MAR 05 2008

**THOMSON
FINANCIAL****FOR OFFICIAL USE ONLY**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Linwood P. Britton, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Orr Group, LLC, as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]
Signature
President
Title

[Signature]
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

The Orr Group, LLC

Financial Statements

December 31, 2007



**Breslow Starling Frost
Warner Boger Hiatt PLLC**
Certified Public Accountants



Breslow Starling Frost
Warner Boger Hiatt PLLC
Certified Public Accountants

Independent Auditor's Report

To The Directors and Members
The Orr Group, LLC
Winston-Salem, North Carolina

3825 West Market Street
Suite 200
Greensboro, NC 27404
Voice: 336-292-6872
Fax: 336-292-6885

Mailing Address
P.O. Box 10345
Greensboro, NC 27404

Member of

American Institute
of Certified Public
Accountants

North Carolina
Association of
Certified Public
Accountants

We have audited the accompanying statement of financial condition of **The Orr Group, LLC** as of December 31, 2007, and the related statements of income, changes in members' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Orr Group, LLC** as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1, is presented for purposes of additional analysis and is not required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Breslow Starling Frost Warner Boger Hiatt, PLLC

Greensboro, North Carolina
February 15, 2008

The Orr Group, LLC

Statement of Financial Condition As of December 31, 2007

Assets

Current Assets

Cash	\$ 49,208
Accounts Receivable	29,457
Reimbursable Expenses	3,828
Prepaid Expenses	14,383
Total Current Assets	96,876

Property and Equipment

Computer and Software	8,750
Office Furniture and Equipment	11,879
Total	20,629
Accumulated Depreciation	4,743
Net Property and Equipment	15,886

Total Assets \$ 112,762

Liabilities and Members' Equity

Current Liabilities

Accounts Payable	\$ 9,349
Credit Card Payable	8,031
Accrued Payroll	3,054
Total Current Liabilities	20,434

Members' Equity 92,328

**Total Liabilities and
Members' Equity** \$ 112,762

The accompanying notes are an integral part of these financial statements.

The Orr Group, LLC

Statement of Income For the Year Ended December 31, 2007

Revenues

Fees and Commissions	\$ 4,845,615	
Interest	14,650	
Other	35,000	
		<u>\$ 4,895,265</u>

Total Revenues

Expenses

Employee Compensation	1,413,958	
Consulting Fees	140,000	
Travel	39,874	
Dues and Subscription	66,243	
Professional Fees	66,437	
Office Rent	43,782	
Insurance	62,656	
Payroll Taxes	42,174	
Contract Services	1,593	
Telephone	14,221	
Simple Plan Company Match	24,729	
Office Supplies	14,790	
Meals and Entertainment	10,116	
Marketing and Advertising	7,105	
Repairs and Maintenance	12,736	
Printing and Reproduction	922	
Postage and Delivery	4,303	
Workers' Compensation Insurance	4,911	
Depreciation	2,589	
Interest	131	
Property Taxes	77	
Contributions	3,576	
Gifts	211	
Miscellaneous	39	
		<u>1,977,173</u>

Total Expenses

Net Income

\$ 2,918,092

The accompanying notes are an integral part of these financial statements.

The Orr Group, LLC

Statement of Changes in Members' Equity For the Year Ended December 31, 2007

Balance, December 31, 2006	\$ 120,748
Capital Contributions	20,000
Distributions Paid	(2,966,512)
Net Income	2,918,092
Balance, December 31, 2007	<u>\$ 92,328</u>

The accompanying notes are an integral part of these financial statements.

The Orr Group, LLC

Statement of Changes in Liabilities Subordinated To Claims of General Creditors For the Year Ended December 31, 2007

Balance, January 1, 2006	\$ 0
Increases (Decreases), 2006	<u>0</u>
Balance, December 31, 2006	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of these financial statements.

The Orr Group, LLC

Statement of Cash Flows For the Year Ended December 31, 2007

Cash Flow from Operating Activities:

Net Income	\$ 2,918,092
Adjustments to Reconcile Net Income to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation	2,589
Changes in Operating Accounts:	
Accounts Receivable	3,047
Reimbursable Expenses	30,566
Prepaid Expenses	(882)
Accounts Payable	(15,266)
Credit Card Payable	3,421
Accrued Payroll	3,054

Net Cash Provided by Operating Activities 2,944,621

Cash Flows from Investing Activities:

Purchase of Property and Equipment	(10,529)
------------------------------------	----------

Net cash used by investing activities (10,529)

Cash flows from Financing Activities:

Capital Contributions	20,000
Distributions Paid	(2,966,512)

Net Cash Used by Financing Activities (2,946,512)

Net Decrease in Cash (12,420)

Cash at Beginning of Year 61,628

Cash at End of Year \$ 49,208

Supplemental Disclosure of Cash Flow Information:

Cash paid for:	
Interest	<u><u>\$ 131</u></u>

The Orr Group, LLC

Notes to Financial Statements December 31, 2007

NOTE 1 - Nature of Business and Summary of Significant Accounting Policies

Organization and Nature of Business

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a North Carolina Limited Liability Company licensed in North Carolina and South Carolina. The Company's revenue is generated principally by fees for facilitating merger and acquisitions and the related consulting fees for business valuations. The Company operates primarily within the Southeastern United States.

Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of a minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2007 the Company had net capital of \$28,774 which was \$23,774 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .71 to 1 at December 31, 2007.

Accounting Method

The financial statements are prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Management considers accounts receivable to be collectible therefore no allowance for doubtful accounts is required.

(Continued)

The Orr Group, LLC

Notes to Financial Statements December 31, 2007

NOTE 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)

Property, Equipment and Depreciation

Property and equipment are carried at cost. Expenditures for maintenance and repair, which do not improve or extend the life of an asset, are charged to expense as incurred. Major renewals and betterments will be capitalized. Depreciation expense is completed using the straight-line and accelerated methods over the estimated useful lives of the assets as follows:

Computer and Software	3 -5 years
Office furniture and equipment	7 years

Depreciation expense for December 31, 2007 totaled \$2,589.

Advertising Cost

The Company expenses the cost of advertising or marketing as they are incurred. Advertising expense was \$7,105 for the year ended December 31, 2007.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

Limited Liability Company

The membership interests are divided into two classes - Class A and Class B. All interests are identical in terms of all powers, preferences and rights, except voting rights. Class B interest shall be non-voting, under all circumstances. As of December 31, 2007 there were no Class B interests.

NOTE 2 - Income Tax Status

The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal income tax returns of the members. The financial statements do not reflect a provision for income taxes.

The Orr Group, LLC

Notes to Financial Statements December 31, 2007

NOTE 3 - Commitments

The Company has a lease commitment under a non-cancelable operating lease for its office space expiring November 30, 2011. The following is a schedule by years of the future minimum payments under this operating lease as of December 31, 2007.

2008	48,980
2009	50,256
2010	51,570
2011	<u>48,945</u>
Total	<u><u>199,751</u></u>

Rent expense for the year ended December 31, 2007 was \$43,782.

NOTE 4 - Concentration of Credit Risk

The Company maintains its cash balances in one financial institution located in Winston Salem, North Carolina. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. From time to time the Company's bank balance exceeds the federally insured limit.

NOTE 5 - Simple Retirement Plan

The Company implemented a Simple retirement plan during 2005. Under the terms of the plan, participants are entitled to contribute up to the maximum allowable not to exceed the limits established by the Internal Revenue Code. The Company matches up to 3% of the employee salary deferred contributions and 3% of self-employed earnings for the members/owners.

For the year December 31, 2007 the Company's matching contributions were \$24,729.

The Orr Group, LLC

Notes to Financial Statements December 31, 2007

NOTE 6 - Related Party Transactions

The Company paid a related individual and related entities approximately \$207,284 during 2007 for consulting and professional services.

The Company is affiliated with another company that owns an airplane through common ownership. From time to time the Company uses the airplane for business travel and, in turn, pays the related entity for the cost of the travel.

The Orr Group, LLC

Computation of Net Capital
Under Rule 15c3-1 of the Securities and Exchange Commission
December 31, 2007

Net Capital

Total members' equity	\$ 92,328
Deduct members' equity not allowable for net capital	<u>0</u>
Total members' equity qualified for net capital	92,328

Add:

Subordinated borrowings allowable in computation of net capital of net capital	0
Other (deductions) or allowable credits	<u>0</u>
Total capital and allowable subordinated borrowings	92,328

Deductions and/or charges:

Nonallowable assets:	
Furniture and Equipment at cost net of accumulated depreciation	15,886
Accounts receivable	29,457
Reimbursable expenses	3,828
Prepaid expenses	<u>14,383</u>
Total nonallowable assets	<u>63,554</u>

Net Capital\$ 28,774**Aggregate Indebtedness:**

Items included in statement of financial condition:	
Accounts payable and accrued expenses	<u>20,434</u>

Total Aggregate Indebtedness20,434**Computation of basic net capital requirement**

Minimum net capital required (6 2/3% of aggregate indebtedness)	<u>1,362</u>
Minimum dollar net capital requirement of reporting broker-dealer	<u>5,000</u>

Net Capital Requirement\$ 5,000

Ratio: Aggregate indebtedness to net capital

.71 to 1

The Orr Group, LLC**Computation of Net Capital
Under Rule 15c3-1 of the Securities and Exchange Commission
December 31, 2007****Reconciliation of the Computation of Net Capital to the Unaudited FOCUS, Part IIA
Under Rule 15c3-1 of the Securities and Exchange Commission
As of December 31, 2006**

Net Capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 14,132
Audit adjustment to record interest paid on bank account	<u>14,642</u>
Net capital, as reported on Audited Financial Statement Schedule I - Computation of Net Capital	<u>\$ 28,774</u>

Exemption Provisions Under Rule 15c3-3

The Orr Group, LLC claims an exemption from Rule 15c3-3 under section (k)(2)(i).



Breslow Starling Frost
Warner Boger Hiatt PLLC
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED
BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION
FROM SEC RULE 15c3-3**

To the Directors and Members
The Orr Group, LLC
Winston-Salem, North Carolina

3825 West Market Street
Suite 200
Greensboro, NC 27404
Voice: 336-292-6872
Fax: 336-292-6885

Mailing Address
P.O. Box 10345
Greensboro, NC 27404

Member of

American Institute
of Certified Public
Accountants

North Carolina
Association of
Certified Public
Accountants

In planning and performing our audit of the financial statements of The Orr Group, LLC as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment of securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of the Directors, management, the SEC, the NASD, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Breslow Starling Frost Warner Boger Hiatt, PLLC

Greensboro, North Carolina
February 15, 2007

END